

Message Text

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PAGE 01 CAIRO 10632 221524Z

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ACTION NEA-07

INFO OCT-01 ISO-00 NEAE-00 SS-14 EB-03 SSO-00 /025 W

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC IMMEDIATE 7403

C O N F I D E N T I A L CAIRO 10632

LIMDIS

PERSONAL FOR AMBASSADOR EILTS (NEA/EGY)

EO 11652: GDS

TAGS: EFIN, PFOR, EG, US

SUBJECT: US-GOE CLAIMS NEGOTIATIONS

REF: CAIRO 10592

1. IN OCTOBER 22 MEETING OF JOINT CLAIMS COMMITTEE, DEWIDAR BACKED OFF SOMEWHAT FROM POSITION TAKEN OCTOBER 21 (REFTEL). FIRM EGYPTIAN POSITION NOW IS THAT 10 MILLION DOLLARS IS MAXIMUM AMOUNT GOE CAN PAY. NEW POSITION APPARENTLY RESULTED FROM MORE DETAILED CALCULATIONS MADE BY GOE OVERNIGHT AND INSTRUCTIONS FROM MINECONOMY SHAFEI.

2. GOE POSITION NOW IS THAT ALL RPT ALL OUTSTANDING PRIVATE CLAIMS WOULD BE RESOLVED BY PAYMENT OF 10 MILLION DOLLARS. GOE CLEARLY WISHES WIPE ENTIRE SLATE CLEAN, BUT DEWIDAR APPEARS TO BE UNDER FIRM INSTRUCTIONS NOT RPT NOT TO GO ABOVE 10 MILLION DOLLARS REGARDLESS OF WHETHER THERE ARE EXCEPTIONS OR NOT.

3. AS YOU ARE AWARE, GLOBAL FIGURE THAT DEPARTMENT EXPECTED TO RECEIVE RANGED BETWEEN FIVE AND 12 MILLION WITH MINIMUM HOPED FOR ABOUT FIVE AND AIMING FOR TEN. IN OFFERING TEN, DEWIDAR HAS ADMITTED THAT SPECIAL CONCESSIONS BEING MADE TO US FOR POLITICAL REASONS; E.G., 100 PERCENT COMPENSATION ON THE DOLLAR INSTEAD OF 50-65 PERCENT GIVEN OTHER COUNTRIES, AND FULL CASH PAYMENT IN
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DOLLARS WITHIN THREE YEARS INSTEAD OF NORMAL TEN YEARS.

4. WHILE THERE IS NATURALLY DESIRE ON PART OF USDEL TO OBTAIN MAXIMUM AMOUNT POSSIBLE, IT IS CLEAR THAT CURRENT EGYPTIAN OFFER TO SETTLE EVERYTHING FOR TEN MILLION IS MORE THAN FAIR TO US PRIVATE CLAIMANTS. THIS FIRM EGYPTIAN OFFER SO EARLY IN NEGOTIATIONS IS, IN OUR OPINION, RESULT OF SADAT VISIT AND STRONG INTEREST GOE HAS IN ANNOUNCING FULL SETTLEMENT OF US PRIVATE CLAIMS DURING VISIT BECAUSE OF FAVORABLE IMPACT IT WOULD HAVE ON CONGRESS AND POTENTIAL AMERICAN INVESTORS IN EGYPT.

5. WITH ABOVE IN MIND, WE RECOMMEND THAT, ON BASIS OF REFTEL AND TEL BEING SENT TODAY FROM HUANG ON OCTOBER 22 SESSION YOU FOLLOW UP THIS MATTER WITH MONROE LEIGH AND, IF NECESSARY, UNDER SEC SISCO URGING PROMPT ACCEPTANCE OF GOE OFFER OF 10 MILLION DOLLARS IN PAYMENT OF ALL PRIVATE CLAIMS.
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